



**NZX release
Annual Financial Result
29 May 2023**

- **Total loss after tax of \$13.05 million, down from \$2.93 million profit in the previous year primarily driven by downward valuations.**
- **Sale of Stoddard Road post balance date at \$36.75 million and funds applied as a debt repayment.**
- **Completion of other divestments during the financial year including settlement of Eastgate, bare land at Kamo and committed exit of 35 Graham Street with deferred settlement.**
- **Munroe Lane development lease commencement with Auckland Council occurred on 17 May 2023. Leasing the balance of vacant space remains the key priority.**

Asset Plus Limited (NZX: APL) announces its financial result for the year ended 31 March 2023, reporting a total loss of \$13.05 million, down from a \$2.93 million profit in the previous year. The result was significantly impacted by revaluation losses, as well as lower net rental due to vacancy and divestment.

Adjusted Funds from Operations (AFFO¹) represented a loss of \$0.28 million, down from a \$4.22 million profit in the previous year due to the 35 Graham Street vacancy, Eastgate divestment and higher interest costs.

Bruce Cotterill, Chairman, commented “The result for the year ended 31 March 2023 reflects a portfolio in both divestment and development mode. The Munroe Lane lease to Auckland Council has now commenced which is a significant achievement and milestone for the company after the development broke ground in October 2020. Completion of the divestment of Stoddard Road post balance date is a further milestone accomplished.

The leasing of the Munroe Lane development remains as the key priority as it will improve our income stream, increase the value of the property and as a result better position the asset for divestment.”

Key points:

- Portfolio occupancy of 37%, down from 58.0% in the previous year due to the sale of Eastgate. Occupancy increases to 42% post sale of Stoddard Road and completion of Munroe Lane.
- WALE of 1.2 years down from 2.2 years in the previous year. The WALE has increased to 6.5 years post balance date on commencement of the Auckland Council lease.
- A reduction in the fair value of investment property of \$12.69 million or a 5.5% decrease.
- The portfolio value now stands at \$216.6 million of which \$98.0 million of property is held for sale and is unconditionally sold. Post completion of Munroe Lane and the sale of Stoddard the portfolio value will be ~\$188 million.
- Loan-to-value ratio (LVR) of 31.5% based on current fair values, up from 25.7% in the previous year. The LVR has reduced to 20% post balance date due to the sale of Stoddard Road. Debt

¹ AFFO is a non-GAAP financial information, calculated based on guidance issued by the Property Council of Australia. Asset Plus considers that AFFO is a useful measure for shareholders and management because it assists in assessing the Company's underlying operating performance. This non-GAAP financial information does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information prescribed by other entities. The calculation of AFFO has been reviewed by Asset Plus' auditor, Grant Thornton Audit Limited. A reconciliation of AFFO to Total Comprehensive Income Net of Tax is included in the accompanying results presentation.



increased during the year to fund the Munroe Lane development, offset by the Eastgate divestment.

- Debt was drawn at \$71.4 million at balance date (\$55.7 million in the prior year). Funding costs increased accordingly due to the higher drawn investment facility profile across the year and increased interest rates.
- Net tangible assets (NTA) of 40.4 cents per share (cps), down from 44.0 cps in the previous year.
- Net revenues from the property portfolio decreased by \$4.26 million as Auckland Council vacated 35 Graham Street during the prior year and Eastgate settled in late August 2022.

Munroe Lane lease commencement

Munroe Lane is now effectively complete with the Auckland Council lease commencing on 17 May 2023. Practical Completion is expected to be achieved in mid-June, once commissioning works are concluded on the back of the Tenant's fit-out works being completed. The Auckland Council occupy 63% of the completed development.

The as if complete valuation has moved materially with the capitalisation rate moving from 5.45% to 6.05%. This has reduced the value on completion from \$139 million to \$126 million, which represents a forecast development loss of \$7 million, measured on a committed occupancy basis. The inability to lease the balance of Munroe Lane has impacted on the valuation in addition to the 60 basis point cap rate softening reflecting current market conditions and the higher interest rate environment.

35 Graham Street deferred settlement

The 35 Graham Street property has been sold for \$65.0 million on a deferred settlement basis. At any time prior to or on 1 October 2023 the purchaser can give notice extending the settlement date to 1 December 2024. If this notice is given, an additional deposit of \$7.1 million is payable immediately and the purchase price increases by \$3 million to \$68 million. If no notice is given, the settlement date is 1 December 2023.

Stoddard Road now settled

The sale of Stoddard Road has now settled post balance date on 1 May 2023. The campaign was a success with three competing bids received in the sales campaign.

Divestment proceeds of \$36.35 million have now been applied as a debt reduction with \$3 million held within the facility limit to bolster working capital. The facility limit has reduced from \$85 million to \$52 million. Drawn debt is \$38.8 million as at 29 May 2023.

This divestment is in addition to the Eastgate and Kamo properties which were divested during the year.

Loan facility extended to 31 March 2025

The loan facility was extended to 31 March 2025 which is beyond the latest 35 Graham Street settlement date. Further information on the covenants and terms of the facility was included in an announcement made on 28 November 2022.



Dividend

The dividend remains subject to quarterly review. However, the dividend will likely remain suspended until the future direction of the company is confirmed.

Outlook

Mark Francis, CEO of Centuria NZ, commented “The leasing of the balance of the Munroe Lane development remains our core focus. Thereafter, we will look to sell Munroe Lane. If a sale of Munroe Lane occurs, it will position the company to consider its options which includes a wind up or pivot in a new direction. The leasing of Munroe Lane and the final settlement of 35 Graham Street will influence the timing of such decisions, while market conditions at the time are likely to dictate the ultimate outcome.

Any steps to sell Munroe Lane, or to subsequently wind up the Company, will require shareholder approval, and we would likely anticipate asking shareholders to vote on both decisions at the same time.”

-ENDS-

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